

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY
Financial Statements
Year Ended March 31, 2023

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Index to Financial Statements

Year Ended March 31, 2023

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Operations	3
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 14

INDEPENDENT AUDITOR'S REPORT

To the Members of Fort Saskatchewan Families First Society

Qualified Opinion

We have audited the financial statements of Fort Saskatchewan Families First Society (the Society), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2023 and 2022, current assets and net assets as at March 31, 2023 and 2022.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fort Saskatchewan, Alberta
June 19, 2023

Givens LLP

Givens LLP
Chartered Professional Accountants

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Statement of Operations****Year Ended March 31, 2023**

	2023	2022
REVENUES		
Grants	\$ 1,068,603	\$ 927,785
Donations	187,845	117,269
Fundraising	18,950	22,648
	<u>1,275,398</u>	<u>1,067,702</u>
EXPENSES		
Human resources (Note 9)	918,511	823,337
Program delivery	174,064	84,749
Administration	61,830	62,815
Amortization	36,395	25,478
Occupancy costs	26,142	24,347
Development and fundraising	8,572	5,073
Interest on long term debt	882	-
	<u>1,226,396</u>	<u>1,025,799</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>49,002</u>	<u>41,903</u>
OTHER INCOME		
Interest from other sources	2,724	729
Loss on disposal of capital assets	(95)	-
	<u>2,629</u>	<u>729</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 51,631</u>	<u>\$ 42,632</u>

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Statement of Financial Position**

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalent (Note 2)	\$ 962,851	\$ 868,325
Prepaid expenses	9,343	1,006
	<u>972,194</u>	869,331
RESTRICTED CASH (Note 2)	145,959	149,918
CAPITAL ASSETS (Note 3)	<u>572,341</u>	212,070
	<u>\$ 1,690,494</u>	<u>\$ 1,231,319</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges (Note 5)	\$ 113,910	\$ 103,189
Deferred revenue (Note 6)	671,129	632,116
Current portion of long term debt (Note 8)	<u>5,051</u>	-
	790,090	735,305
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	224,725	181,170
LONG TERM DEBT (Note 8)	<u>309,204</u>	-
	<u>1,324,019</u>	916,475
COMMITMENTS (Note 10)		
NET ASSETS		
Operating fund	124,735	71,668
Invested in capital assets	179,320	180,818
Internally restricted funds	<u>62,420</u>	62,358
	<u>366,475</u>	314,844
	<u>\$ 1,690,494</u>	<u>\$ 1,231,319</u>

ON BEHALF OF THE BOARD
Director

4 The accompanying notes form an integral part of the financial statements

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Statement of Changes in Net Assets****Year Ended March 31, 2023**

	2022 Balance	Excess of revenues over expenses	Inter-fund transfers	2023 Balance
Operating fund	\$ 71,668	\$ 62,880	\$ (9,813)	\$ 124,735
Invested in capital assets	180,818	(11,311)	9,813	179,320
Internally restricted funds	62,358	62	-	62,420
	\$ 314,844	\$ 51,631	\$ -	\$ 366,475

	2021 Balance	Excess of revenues over expenses	Inter-fund transfers	2022 Balance
Operating fund	\$ 62,813	\$ 47,162	\$ (38,307)	\$ 71,668
Invested in capital assets	147,658	(5,147)	38,307	180,818
Internally restricted funds	61,741	617	-	62,358
	\$ 272,212	\$ 42,632	\$ -	\$ 314,844

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Statement of Cash Flows****Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from donations, grants and fundraising	\$ 1,357,966	\$ 1,058,399
Cash paid to suppliers and employees	(1,186,734)	(1,014,236)
Interest received	2,724	729
Interest paid	(882)	-
	<hr/>	<hr/>
Cash flow from operating activities	173,074	44,892
INVESTING ACTIVITIES		
Purchase of capital assets	(396,762)	(132,438)
Proceeds from restricted cash	3,959	3,152
	<hr/>	<hr/>
Cash flow used by investing activities	(392,803)	(129,286)
FINANCING ACTIVITIES		
Proceeds from long term financing	314,500	-
Repayment of long term debt	(245)	-
	<hr/>	<hr/>
Cash flow from financing activities	314,255	-
INCREASE (DECREASE) IN CASH FLOW	94,526	(84,394)
Cash - beginning of year	868,325	952,719
	<hr/>	<hr/>
CASH - END OF YEAR	\$ 962,851	\$ 868,325

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

PURPOSE OF THE SOCIETY

Fort Saskatchewan Families First Society (the "Society") is a not-for-profit organization incorporated provincially under the *Societies Act of Alberta*. As a registered charity, the Society is exempt from the payment of income tax under Section 149(1) of the *Income Tax Act*.

In order to maintain its registered charity status, the Society must meet certain spending requirements ("minimum spending requirements") according to the Income Tax Act (Canada). The minimum spending requirement is a minimum amount that the registered charity must spend on charitable programs or as gifts to qualified donees. Failure to comply with this requirement could lead to a revocation of the Society's registered charity status. As at March 31, 2023 the Society is in compliance with this requirement.

The Society operates to serve families through early childhood development, parenting programs, and family support.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Society were prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accounts of Canada Handbook. The financial statements have, in management's opinion been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include:

1. *Useful lives of assets for amortization*: The Society is required to estimate the useful lives of its capital assets in order to determine the amortization method and rates. Amortization reflects the cost of these assets over their useful lives. The useful life of an asset can change from year to year. The Board reviews these policies annually.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments

The Society initially measures its financial assets and liabilities at fair value when acquired or issued, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized costs and are tested for impairment at each reporting date. Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in excess of revenues over expenses.

Financial assets measured at amortized cost include cash, cash equivalents and restricted cash.

Financial liabilities measured at amortized cost include accounts payable, accrued charges and long-term debt.

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FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess of revenues over expenses in the period incurred. Transaction costs related to financial instruments subsequently measured at cost or amortized cost are included in the original cost of the financial asset or liability and recognized in excess of revenues over expenditures over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Society determines whether there are indications of possible impairment. When there is an indication of impairment, and the Society determines that a significant adverse change has occurred during the period in the expected timing or amount of the future cash flows, a write-down is recognized in net excess of revenues over expenses. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss shall be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenues over expenditures.

Cash and cash equivalents

The Society's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity of three months or less from the date of acquisition. Term deposits that the Society can not use for current transactions because they are pledged against a security are also excluded from cash and cash equivalents.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	55%	declining balance method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method
Solar panels	25 years	straight-line method
Vehicles	30%	declining balance method

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Full amortization is taken in the year of acquisition and none in the year of disposal.

All contributed capital assets are recorded at fair value.

Capital contributions

Restricted contributions for the purchase of capital assets subject to amortization will be deferred and recognized as revenue on the same basis as the amortization expense related to the acquired asset.

Restricted contributions for the purchase of capital assets not subject to amortization will be recognized as a direct increase in net assets invested in capital assets.

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FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of long lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Government grants

Government grants are recorded when there is a reasonable assurance that the Society has complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Donation of services

The work of the Society is dependent on the voluntary service of many individuals. Voluntary services which are not normally purchased by the Society and whose value is not easily determined are not recognized in these financial statements. Donated services from third parties where the fair value of the transaction can be reasonably determined have been recognized in the financial statements at their exchange amount. The amount that can be reasonably measured is \$12,200 (2022 - \$NIL).

Donated goods

The Society receives donations of goods and supplies from many individuals and organizations. Contributed materials, whose value can be measured, are recorded at fair market value at the time of the donation. Contributed materials which are not normally purchased by the Society whose value is not easily arrived at are not recognized in these financial statements. The amount that can be reasonably measured is \$NIL (2022 - \$NIL).

Leases

Leases are classified as either capital or operating leases. At the time the Society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Allocated expenditures

The Society does not make allocations of fundraising and general support expenditures to other functions.

Expenditures which benefit more than one program of the Society are allocated among those programs based on time spent by the employees.

No monies were paid to employees whose principal duties involve fundraising. The Society does not employ individuals for the purpose of fundraising. The Society's operations depends on volunteers in the community.

Net assets

- a) Net assets invested in capital assets represents the Society's net investment in capital assets which is comprised of the unamortized amount of capital assets purchased with restricted funds.

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FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

- b) Internally restricted net assets are funds which have been designated for a specific purpose by the Society's Board of Directors. The amount is held as a guaranteed income certificate that is held by the Society for emergency funding. Interest is paid annually on the certificate which is allocated to the net asset balance.
- c) Unrestricted net assets comprise the excess of revenue over expenses accumulated by the Society each year, not of transfers, and are available for general purposes.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

1. Grants:

Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted grants are recorded as deferred income and recognized as revenue in the year the related expenses are incurred;

2. Donations:

Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted donations are recorded as deferred income and recognized as revenue in the year the related expenses are incurred;

3. Events and fundraising activities:

Revenue from events and fundraising activities are included in unrestricted fund when the projects are substantially completed; and

4. Interest income:

Interest income is unrestricted and recognized as revenue in the year it is earned.

2. RESTRICTED CASH BALANCE

The cash balance includes an amount of \$145,959 (2022 - \$149,918), donated by external funders which stipulated requirements to have these funds segregated from the operating account. These monies have been received by various sponsorships, donations, and grants which will be expended on future purposes and the needs of the new building.

The cash balance includes an amount of \$4,346 (2022 - \$1,771), received from operating a casino. This amount is subject to externally imposed restrictions.

The amounts listed are held in segregated bank accounts.

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Notes to Financial Statements****Year Ended March 31, 2023****3. CAPITAL ASSETS**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Buildings	\$ 374,552	\$ 7,491	\$ 367,061	\$ -
Computer equipment	-	-	-	211
Equipment	15,818	1,582	14,236	-
Furniture and fixtures	56,879	39,112	17,767	15,018
Leasehold improvements	169,809	124,024	45,785	62,766
Solar panels	132,438	7,946	124,492	129,789
Vehicles	14,700	11,700	3,000	4,286
	<u>\$ 764,196</u>	<u>\$ 191,855</u>	<u>\$ 572,341</u>	<u>\$ 212,070</u>

4. ADVANCES TO AGENCIES

The Society is acting as a fiscal agent for a number of agencies. The agency relationship is limited in nature. The expenses on behalf of the agencies are paid by the Society with funds received which are designated for the agencies. The expenses and related revenue do not constitute the Society's operations. As such, no recognition has been given to these revenues or expenses in the Society's Statement of Operations and Changes in Net Assets. The balance due to agencies as at March 31, 2023 is \$4,431 (2022 - \$23,589).

5. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	2023	2022
Wages and benefits payable	\$ 50,749	\$ 41,964
Trade payables and accrued charges	48,945	67,499
Government remittances (recoverable) payable	14,216	(6,274)
	<u>\$ 113,910</u>	<u>\$ 103,189</u>

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

6. DEFERRED REVENUES

The Society receives donations and grants from members of the community that are used over several years. The amounts not used in the year are recognized as deferred revenue and are carried into the subsequent year.

	<u>2023</u>	<u>2022</u>
<u>Donations</u>		
Balance, beginning of year	\$ 227,958	\$ 243,032
Plus: Contributions received	166,058	26,014
Less: Amounts expended	<u>(61,900)</u>	<u>(41,088)</u>
Balance, end of year	<u>332,116</u>	<u>227,958</u>
<u>Grants</u>		
Balance, beginning of year	404,158	510,659
Plus: Contributions received	980,783	946,402
Less: Amounts expended	<u>(1,045,928)</u>	<u>(1,052,903)</u>
Balance, end of year	<u>339,013</u>	<u>404,158</u>
	<u>\$ 671,129</u>	<u>\$ 632,116</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Donated funds for the purchase of capital assets of the building are recorded as deferred capital and amortized on the same basis as the related assets.

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 181,170	\$ 69,063
Plus: Contributions received	72,694	132,438
Less: Amortization	<u>(29,139)</u>	<u>(20,331)</u>
	<u>\$ 224,725</u>	<u>\$ 181,170</u>

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY**Notes to Financial Statements****Year Ended March 31, 2023**

8. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
MORTGAGES PAYABLE bearing interest at 6.68 percent per annum, repayable in monthly blended payments of \$2,160. The loans are secured by a general security agreement; assignment of all rents arising from the lands; personal guarantees in the combined amount of \$320,000 from third parties; and collateral mortgages over capital assets which have a carrying value of \$367,060 as at March 31, 2023 (2022 - \$NIL).	\$ 314,255	\$ -
Amounts payable within one year	<u>(5,051)</u>	-
	<u>\$ 309,204</u>	<u>\$ -</u>
Principal repayment terms are approximately:		
2024	\$ 5,051	
2025	5,429	
2026	5,804	
2027	6,203	
2028	6,630	
Thereafter	<u>285,138</u>	
	<u>\$ 314,255</u>	

9. HUMAN RESOURCES

	<u>2023</u>	<u>2022</u>
Program delivery	\$ 715,423	\$ 631,795
Administration	<u>200,256</u>	<u>191,542</u>
	<u>\$ 915,679</u>	<u>\$ 823,337</u>

10. LEASE COMMITMENTS

The Society leases premises under a long term lease that expires December 2025. Under the lease, the Society is required to pay a lease rate of \$1 per year for this term. The Society has two (2), five year options to renew after the initial term expires. The Society is responsible for all custodial duties related to the space as well as operating costs.

FORT SASKATCHEWAN FAMILIES FIRST SOCIETY

Notes to Financial Statements

Year Ended March 31, 2023

11. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of March 31, 2023.

Credit risk

Unless otherwise stated, the Society's exposure to credit risk from the financial instruments is insignificant.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from local and provincial grant agencies and other sources that enable the Society to pay its liabilities as they become due.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Society is exposed to interest rate risk on its investments and cash and cash equivalents. Management reviews the interest rate risks to mitigate risk.

There are no significant changes in the risk profile of the financial instruments of the Society from that of the prior year.
